

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EPA-04 FEA-02 SCI-06 CIAE-00 PM-07

INR-10 L-03 NSAE-00 PA-04 RSC-01 PRS-01 SP-03 USIA-15

TRSE-00 SAJ-01 AID-20 CEQ-02 COA-02 COME-00 DODE-00

EB-11 IO-14 NSF-04 NSC-07 SS-20 HUD-02 HEW-08 DOTE-00

INT-08 EURE-00 DRC-01 (ISO) W
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P R 081630Z MAY 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC PRIORITY 8957

INFO AMEMBASSY BERN

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USMISSION NATO

AMEMBASSY LONDON

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AMEMBASSY PARIS

AMCONSUL TURIN PRIORITY

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E.O. 11652: N/A

TAGS: NATO, SENV

SUBJECT: CCMS: PROPOSED CEMENT PROJECT AS PART OF
CCMS ENERGY CONSERVATION PILOT STUDY

DEPT PASS FEO FOR GROSS

AMCONSUL TURIN OR USOECD FOR HODSOLL AND PORTER

REF: STATE 091723

SUMMARY: EMBOFF TRANSMITTED INFORMATION REFTEL TO
GUNNAR IDORN, VICE PRESIDENT FOR RESEARCH, AALBORG
PORTLAND, INCLUDING REQUEST FOR ADDITIONAL TIME MORNING
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OF MAY 22. IDORN'S RATHER EXTENSIVE COMMENT IS SUMMARIZED

BELOW. IN SHORT, HE WELCOMES US GROUP BUT MERELY TO BRIEF KEY MEMBERS OF ALKALI-SILICA SEMINAR WHO WISH TO REMAIN FOR AFTERNOON SESSION ON PROPOSED CCMS PROJECT. HE CONSIDERS IT NEITHER POSSIBLE NOR PROPER TO USE SESSION FOR "LAUNCHING" THE CCMS EFFORT. END SUMMARY.

1. IDORN COMMENCED BY STATING THAT CCMS PROPOSAL FOR ENERGY CONSERVATION IN THE CEMENT INDUSTRY WAS, AS HE HAD EXPLAINED AT APRIL 1-2 BRUSSELS MEETING, NOT AS SIMPLE TO INITIATE IN EUROPE AS IT APPEARS TO BE IN THE US. WHEREAS THE US FEDERAL ENERGY OFFICE HAS BOTH AVAILABLE FUNDS AND A MANDATE TO PUSH FOR INTERNATIONAL COOPERATION FROM ITS DOMESTIC CEMENT INDUSTRY, BOTH FACTORS ARE LACKING AS REGARDS EUROPEAN COUNTRIES, EITHER WITHIN THE NATO CONEXT OR THE EEC CONTEXT. THE EUROPEAN GOVERNMENTS MUST FIRST BE BROGUHT INTO CONTACT WITH THEIR RESPECTIVE COMENET INDUSTRIES AND AGREEMENT REACHED AS TO THE EXTENT OF COOPERATION -- EXCHANGE OF CURRENT STATE - OF-THE-ART DATA AND OF DEVELOPMENT PLANS -- THAT THE LATTER ARE WILLING TO ACCEPT. ONE IMMEDIATE PROBLEM, IDORN STATED, WAS THE DIFFERENCE IN SIZE OF NATIONAL INDUSTRIES. IN DANISH CASE, DATA PROVIDED BY DANISH GOVERNMENT UNDER THE PROPOSED PROJECT, WOULD EXPOSE MOST OF THE TECHNOLOGICAL AND COMMERCIAL SECRETS OF AALBORG PORTLAND, SINCE IT PRODUCES 80 PERCENT OF ALL DANISH CEMENT. IN GERMANY, IN CONTRAST, WITH 90 DIFFERENT CEMENT COMPANIES, ONE COULD DEAL IN AVERAGES AND CONCEAL THIS COMMERCIALY CONFIDENTIAL DATA. IDORN CONSEQUENTLY BELIEVES THAT UNTIL CCMS CAN GUARANTEE THAT MOST OF THE LARGEST CEMENT COMPANIES IN EUROPE WILL PARTICIPATE AND MAKE THEIR DATA AVAILABLE, THERE WILL NOT EXIST ANY REAL BASIS FOR LAUNCHING THE PROJECT IN EUROPE.

2. IDORN WENT ON TO POINT OUT CERTAIN "BASIC FACTS OF COMPETITIVE LIFE" IN THE CEMENT INDUSTRY, NAMELY; (A) THAT THE AMERICAN CEMENT INDUSTRY IS TECHNOLOGICALLY BEHIND ITS EUROPEAN COUNTERPART, (B) THAT THERE ARE VERY SUBSTANTIAL EUROPEAN -- FRENCH AND SWISS -- INVESTMENTS IN THE AMERICAN CEMENT INDUSTRY AND THUS IN COMPETITION WITH DOMESTIC US COMPANIES, AND (C) THAT THE COM-LIMITED OFFICIAL USE

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PETIVITE NATURE OF THE INDUSTRY IS SUCH THAT A SLIGHT MARGIN IN TECHNOLOGICAL EFFICIENCY IS THE DETERMINING FACTOR IN COMMERCIAL PROFITABILITY. UNDER THESE CIRCUMSTANCES THE LARGE EUROPEAN COMPANIES WILL BE EXTREMELY RELUCTANT TO AGREE TO INTERNATIONAL TECHNOLOGICAL COOPERATION UNTIL THEY ARE ASSURED THAT PROSPECTIVE GAINS WILL EXCEED POTENTIAL LOSSES. AS CHAIRMAN OF THE EUROPEAN CEMENT ASSOCIATTION, CEMBUREAU, HE IS KEENLY AWARE OF THE SENSITIVITIES OF THE

EUROPEAN INDUSTRY. IF HE WERE TO PROMOTE THE CCMS PROJECT, AS OUTLINED IN BRUSSELS, THE INFLUENTIAL MEMBERS OF THE EUROPEAN INDUSTRY WOULD BE INCENSED AT HIM PERSONALLY. THE INDUSTRY DRAWS A CLEAR DISTINCTION BETWEEN COOPERATION ON SPECIFIC DEVELOPMENT RESEARCH, AS EXEMPLIFIED BY THE ALKALI-SILICA SEMINAR, AND ASSESSMENT OF CURRENT TECHNOLOGY. ALTHOUGH HE AND THE CEMBUREAU ARE BASICALLY IN FAVOR OF THE FORMER, THE CCMS PROPOSAL CONCENTRATES IN ITS INITIAL PHASE ON THE LATTER. IN IDORN'S OPINION THE ONLY FEASIBLE WAY TO MOVE CCMS PROJECT FORWARD IS TO WORK THROUGH GOVERNMENTS TO OBTAIN MUTUAL ACCEPTANCE BY THE MOST INFLUENTIAL CEMENT FIRMS IN GERMANY, FRANCE, GREAT BRITAIN AND A FEW OTHER STATES. CONSEQUENTLY, IDORN STATED, THE MAY 22 AFTERNOON MEETING COULD AND SHOULD BE NO MORE THAN A BRIEFING ON THE CURRENT STATUS OF THE CCMS PROJECT.

3. HE AGREED THAT THE LIST OF PERSONS HE HAD INVITED FOR THE MORNING SESSION MAY 22 WAS UNREPRESENTATIVE BUT HE HAD WANTED ONLY THE INFLUENTIAL REPRESENTATIVES FROM THE ALKALI-SILICA SEMINAR TO REMAIN TO DISCUSS FUTURE COOPERATION POSSIBILITIES IN THAT RESTRICTED AREA. SINCE THIS ALSO INCLUDED DELICATE COMMERCIAL CONSIDERATIONS, IT WOULD REQUIRE THE ENTIRE MORNING. HE HAD, FURTHERMORE, INVITED THESE REPRESENTATIVES TO REMAIN ON A STRICTLY VOLUNTARY BASIS AND CONSEQUENTLY HE COULD NOT PROVIDE ANY CONFIRMATION OF THEIR ATTENDANCE AT THE AFTERNOON SESSION.

4. REGARDING REQUESTED VISIT BY GROSS AND TUNNAH TO ADVANCED TECHNOLOGY CEMENT PLANT, IDORN AGAIN EXPRESSED HIS RELUCTANCE TO ENTER THE AREA OF COMPETITIVE TECHNOLOGY
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